

# *Memorandum*

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**TO: ENVISION SAN JOSE 2040  
TASK FORCE**

**FROM: Stan Ketchum**

**SUBJECT: SEE BELOW**

**DATE: December 2, 2008**

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**SUBJECT: OVERVIEW OF TASK FORCE REPORT – THE FUTURE OF HOUSING  
DEMAND IN SAN JOSE: 2008 - 2040**

## **RECOMMENDATION**

The Task Force accept the report “The Future Housing Demand in San Jose: 2008 – 2040” for use in developing land use/transportation scenarios.

## **BACKGROUND**

Attached is the report: “The Future of Housing Demand in San Jose: 2008 – 2040,” prepared by Beacon Economics. Attached as Appendix B is the report: “Projections of Jobs, Population and Households,” prepared by Steve Levy of the Center for the Continuing Study of the California Economy (CCSCE). This report contains the full text and background information upon which Mr. Levy’s May 27, 2008 presentation to the Envision San Jose 2040 Task Force was based. The Beacon report presents the initial projections of future housing demand for the Envision San Jose 2040 General Plan Update. This memo provides additional background information and context to facilitate the Task Force review and discussion of the housing projections.

The projections of housing demand are based on the forecast of population and households contained in the CCSCE report, as noted above. The projections do not take into account General Plan or other current City housing or land use policy. The forecasts of future population and household growth are converted into projections of future housing demand and corresponding projections of the potential amount of land required to achieve the projected housing production.

The housing demand projections are one of the key data elements necessary for the development of the land use/transportation scenarios. Another key element, employment land projections, is in preparation for presentation to the Task Force in January.

## **ANALYSIS**

The housing demand projections identify the potential need for slightly less than 180,000 new dwelling units by 2040 to house the projected population increase of 471,000 new residents. This figure consists of two components: new dwelling units for 169,800 new households, plus approximately 9,600 additional units to account for typical vacancy levels in a well functioning housing market. The report outlines the methodology used to develop projections of future housing capacity based on five residential unit types and assumed density levels, based on recent development trends and likely future changes in these trends. The projected amount of land required to support the projected new housing is approximately 3,500 acres, based on the set of assumptions of housing type and density utilized.

While significant, to put these figures in perspective, it is important to take into account the (unbuilt) residential holding capacity of the current General Plan, identified at approximately 67,500 units, as of October, 2008. This represents the assumed yield from 1,824 acres of land designated for residential development on the San Jose 2020 General Plan Land Use/Transportation Diagram. In other words, the Envision San Jose 2040 General Plan would need to accommodate approximately 112,500 additional new dwelling units with an approximate land requirement of 1,676 acres to meet the projected housing demand.

An important caveat is that these projections of future housing demand, like the population forecast they are based on, represent insights into probable future growth trends and pressures that will face San Jose as a result of likely growth trends in the greater Bay Area Region. The quantification of the possible future dwelling unit demand and accompanying acreage projection are a necessary input to the Task Force discussion of San Jose's future growth potential and the development of the land use/transportation scenarios, as noted above.

Other factors for consideration by the Task Force in reviewing the housing demand projections include the following:

- Since 2000, only 25% of new residential development has been single-family detached or attached units. Major new development has occurred in the form of higher density multi-family units. Much of the higher density development has been concentrated in urban infill locations, particularly along the transit-oriented development corridors and in the downtown area.
- San Jose's inventory of vacant land planned for residential uses has continued to diminish. Only 601 acres of the 1,824 acres of planned new residential development in the San Jose 2020 General Plan are vacant. Looking beyond the timeframe of the San Jose 2020 General Plan, six hundred and one acres are only 17% of the total projected acreage needed to accommodate housing growth through 2040.

- Eighty three percent, or 1,223 acres of the land planned for new residential growth in the San Jose 2020 General Plan are currently developed and would need to be redeveloped to accommodate planned growth.
- The assumptions for future density levels are based on a combination of recent and past trends in housing construction, together with assumptions on anticipated future intensification.
- Achieving the projected levels of housing production will require consideration of increasing densities on existing planned residential lands, as well as identifying non-residential lands that can support future residential and mixed-use development.

Additional information for use by the Task Force in addressing the future housing needs of the Envision San Jose 2040 General Plan are contained in the Land Use and Housing Trends Background Report presented to the Task Force at the February 25, 2008 meeting and the existing San Jose 2020 General Plan. Relevant information from these sources will be incorporated in future Task Force discussions of the land use/transportation scenarios.